

T-765

# HISTORICAL TABLES



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BUDGET OF THE UNITED STATES GOVERNMENT

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*Fiscal Year 1998*

US DEPT OF THE TREASURY  
FINANCIAL MANAGEMENT SERVICE  
HYATTSVILLE, MD  
Room 513 B  
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# INTRODUCTION

## STRUCTURE, COVERAGE AND CONCEPTS

*Historical Tables* provides budget users with a wide range of data on Federal Government finances. Many of the data series begin in 1940 and include estimates of the President's budget for 1997-2002. Additionally, Table 1.1 provides data on receipts, outlays, and surpluses or deficits for 1901-1939 and for earlier multi-year periods.

### Note on GDP and Constant-Dollar Data

Many of the tables in this document show receipts or outlays as percentages of Gross Domestic Product (GDP) or show budget data in constant-dollar (i.e., inflation-adjusted) terms. These data are shown on what is called a *post-benchmark* basis. The Bureau of Economic Analysis of the Department of Commerce has recently completed a benchmark revision to the National Income and Product Accounts, which include GDP and the components used to calculate various deflators to construct constant-dollar time series data. Unfortunately, their revision has only been completed back to fiscal year 1960. To preserve the consistency of the time series data contained in the *Historical Tables*, many of which go back to 1940 or earlier, the GDP figures and the deflators for constant-dollar data *prior to FY 1960* are approximations of the anticipated *post-benchmark* revision values. The pre-benchmark GDP data for years prior to FY 1960 have been increased by 2½ percent to approximate the post-benchmark levels. The deflators for FY 1960 and beyond were calculated using the new chain-weighted constant dollar NIPA data. The deflators for years prior to FY 1960 were calculated by applying the year-to-year percentage change in the pre-benchmark revision (fixed-weight) deflators to the various 1960 deflator levels.

### Structure

This document is composed of 17 sections, each of which has one or more tables.

Each section covers a common theme. Section 1, for example, provides an overview of the budget and off-budget totals; Section 2 provides tables on receipts by source; and Section 3 shows outlays by function. When a section contains several tables, the general rule is to start with tables showing the broadest overview data and then work down to more detailed tables. The purpose of these tables is to present a broad range of historical budgetary data in one convenient reference source and to provide relevant comparisons most likely to be of assistance. The most common comparisons are in terms of proportions (e.g., each major receipt category as a percentage of total receipts and of the gross domestic product).

Section notes explain the nature of the activities covered by the tables in each section. Additional descriptive information is also included where appropriate. Explanations are generally not repeated, but there are occasional cross-references to related materials.

Because of the numerous changes in the way budget data have been presented over time, there are inevitable difficulties in trying to produce comparable data to cover many years. The general rule is to provide data in as meaningful and comparable a fashion as possible. To the extent feasible, the data are presented on a basis consistent with current budget concepts. When a structural change is made, insofar as possible the data are adjusted for all years.

One significant change in recent years concerns the budgetary treatment of Federal credit programs, which was changed by the Federal Credit Reform Act of 1990. Previously the budget recorded the cost of direct and guaranteed loans on a cash basis. Under credit reform, the budget only records budget authority and outlays for the subsidy cost of direct and guaranteed loans made in 1992 and subsequent years. The subsidy is defined as the net estimated cash flows

to and from the Government over the life of the loan, discounted to the present. The cash transactions are recorded as means of financing the deficit. Because it was impossible to convert the pre-1992 loans to a credit reform basis, the data are on a cash basis for pre-1992 loans and on a credit reform basis for loans made in 1992 and subsequent years.

### Coverage

The Federal Government has used the unified or consolidated budget concept as the foundation for its budgetary analysis and presentation since the 1969 budget. The basic guidelines for the unified budget were presented in the *Report of the President's Commission on Budget Concepts* (October 1967). The Commission recommended the budget include all Federal fiscal activities unless there were exceptionally persuasive reasons for exclusion. Nevertheless, from the very beginning some programs were perceived as warranting special treatment. Indeed, the Commission itself recommended a bifurcated presentation: a "unified budget" composed of an "expenditure account" and a "loan account." The distinction between the expenditure account and the loan account proved to be confusing and caused considerable complication in the budget for little benefit. As a result, this distinction was eliminated starting with the 1974 budget. However, even prior to the 1974 budget, the Export-Import Bank had been excluded by law from the budget totals, and other exclusions followed. The structure of the budget was gradually revised to show the off-budget transactions in many locations along with the on-budget transactions, and the off-budget amounts were added to the on-budget amounts in order to show total Federal spending.

The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) repealed the off-budget status of all then existing off-budget entities, but it also included a provision moving the Federal old-age, survivors, and disability insurance funds (collectively known as social security) off-budget. To provide a consistent time series, the budget historical data show social security off-budget for all years since its inception,

and show all formerly off-budget entities on-budget for all years. The Omnibus Budget Reconciliation Act of 1989 (OBRA 1989) moved the Postal Service fund off-budget, starting in fiscal year 1989. Prior to that year, the Postal Service fund is shown on-budget.

Though social security and the Postal Service are now off-budget, they continue to be Federal programs. Indeed, social security currently accounts for about one-fourth of all Federal receipts and one-fifth of all Federal spending. Hence, the budget documents include these funds and focus on the Federal totals that combine the on-budget and off-budget amounts. Various budget tables and charts show total Federal receipts, outlays, and surpluses and deficits, and divide these totals between the portions that are on-budget and off-budget.

### Changes in Historical Budget Authority, Outlays, Receipts and Deficits

Totals for 1984 through 1995 have changed from those published in the 1997 Budget. Budget authority, outlays and receipts for the FCC Universal Service fund have been added to the budget for the 1984-1994 period. While the deficits are unchanged as a result of this addition, budget authority, outlays and receipts all increase by amounts ranging from \$42 million in 1984 up to \$890 million in 1994.

Correction of Maritime Administration outlays reported to the Treasury for 1992 reduces outlays and the deficit by \$1 million, and corrections to the Farm Credit System Financial Assistance Corporation reduce 1993 outlays and the deficit by \$127 million.

Various other adjustments by the Treasury Department to 1995 actual receipts and outlays decrease outlays by \$3,404 million, receipts by \$3,383 million, and the deficit by \$21 million. Most of this change in receipts and outlays results from a conceptual change in the scoring of the FCC's Universal Service Fund. A substantially smaller portion of the fund is now reflected in the budget totals (\$0.9 billion versus \$3.4 billion in 1995).

For 1990 and beyond, budget authority equal to the obligation limitation for adminis-

trative expenses for certain special and trust funds has been reclassified as discretionary rather than mandatory to conform to the current treatment required for most other such funds as a result of the Budget Enforcement Act of 1990 (see Notes on Section 5, below).

### Note on the Fiscal Year

The Federal fiscal year begins on October 1 and ends on the subsequent September 30. It is designated by the year in which it ends; for example, fiscal year 1995 began on October 1, 1994, and ended on September 30, 1995. Prior to fiscal year 1977 the Federal fiscal years began on July 1 and ended on June 30. In calendar year 1976 the July-September period was a separate accounting period (known as the transition quarter or TQ) to bridge the period required to shift to the new fiscal year.

### Concepts Relevant to the Historical Tables

*Budget (or "on-budget") receipts* constitute the income side of the budget; they are composed almost entirely of taxes or other compulsory payments to the Government. Any income from business-type activities (e.g., interest income or sale of electric power), and any income by Government accounts arising from payments by other Government accounts is offset against outlays, so that total *budget outlays* are reported net of offsetting collections. This method of accounting permits users to easily identify the size and trends in Federal taxes and other compulsory income, and in Federal spending financed from taxes, other compulsory income, or borrowing. *Budget surplus* refers to any excess of budget receipts over budget outlays, while *budget deficit* refers to any excess of budget outlays over budget receipts.

The terms *off-budget receipts*, *off-budget outlays*, *off-budget surpluses*, and *off-budget deficits* refer to similar categories for off-budget activities. The sum of the on-budget and off-budget transactions constitute the consolidated or total Federal Government transactions.

The budget is divided between two fund groups, Federal funds and trust funds. The Federal funds grouping includes all receipts and outlays not specified by law as being trust funds. All Federal funds are on-budget except for the Postal Service fund starting with fiscal year 1989. All trust funds are on-budget, except the two social security retirement trust funds, which are shown off-budget for all years.

The term *trust fund* as used in Federal budget accounting is frequently misunderstood. In the private sector, "trust" refers to funds of one party held by a second party (the trustee) in a fiduciary capacity. In the Federal budget, the term "trust fund" means only that the law requires the funds be accounted for separately and used only for specified purposes and that the account in which the funds are deposited is designated as a "trust fund." A change in law may change the future receipts and the terms under which the fund's resources are spent. The determining factor as to whether a particular fund is designated as a "Federal" fund or "trust" fund is the law governing the fund.

The largest trust funds are for retirement and social insurance (e.g., civil service and military retirement, social security, medicare, and unemployment benefits). They are financed largely by social insurance taxes and contributions and payments from the general fund (the main component of Federal funds). However, there are also major trust funds for transportation (highway and airport and airways) and for other programs financed in whole or in part by *user charges*.

The budget documents do not separately show user charges. Frequently there is confusion between the concept of user charges and the concept of offsetting collections. User charges are charges for services rendered. Such charges may take the form of taxes (budget receipts), such as highway excise taxes used to finance the highway trust fund. They may also take the form of business-type charges, in which case they are offsetting collections—offset against budget outlays rather than being recorded as budget receipts. Examples of such charges are the proceeds from the sale of electric power by the Tennessee Valley Authority and medical insurance

premiums paid to medicare's supplementary medical insurance trust fund. User charges may go to the general fund of the Treasury or they may be "earmarked". If the funds are earmarked, it means the collections are separately identified and used for a specified purpose—they are not commingled (in an accounting sense) with any other money.

This does not mean the money is actually kept in a separate bank account. All money in the Treasury is merged for efficient cash management. However, any earmarked funds are accounted for in such a way that the balances are always identifiable and available for the stipulated purposes.